

MINUTES OF COST ESTIMATES COMMITTEE MEETING

East Building Conference Room

7 March 1961

1. The meeting was called to order at 10:00 a.m., with the following present:

Mr. E. R. Saunders, Chairman
Capt. C. M. Sugarman, Navy
Mr. Earl W. S. Churchill, State
Mr. Sherman F. Euler, State

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[REDACTED] NSA
Lt. Col. F. L. Vaughan, Air Force
Col. R. Park, Joint Staff
Lt. Col. R. C. Lewis, Army
Maj. Donald G. Hursh, Army
Mr. Howard A. Barkey, Defense

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[REDACTED] ion, CIA
CIA

2. Mr. Saunders opened the meeting by stating that the report for Fiscal Year 1960 is being prepared and would be distributed to the members very shortly for their review prior to the next meeting of the Cost Estimates Committee.

3. Mr. Saunders explained the purpose of the meeting by saying that the Joint Study Group had prepared a report, which was approved by the National Security Council, with certain recommendations, of which the Cost Estimates Committee is responsible for making a proposal to USIB for implementation of Recommendation No. 38. A progress report to the USIB will be required within thirty days.

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4. Mr. Saunders introduced [REDACTED] from the Office of Coordination, CIA, who will be working with the Cost Estimates Committee in developing the recommendations for implementation. He will be available for any assistance and guidance which may be required.

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25X1A 5. Mr. Saunders read a memorandum addressed to the Chairmen, Committees of the United States Intelligence Board from [REDACTED] Assistant for 25X1A Coordination, dated 17 February 1961, dealing with Recommendation 33 of the Report of the Joint Study Group on Foreign Intelligence Activities. This memorandum states that [REDACTED] of the Coordination Staff will meet with the respective Chairmen to discuss the functions and activities of the committees and sub-committees of the USIB to consider possible changes in committee structure and improve reporting procedures. Mr. Saunders added 25X1A that as of this date [REDACTED] had not been in touch with him.

25X1A 6. Mr. Saunders then asked the members for their comments in connection with Recommendation No. 38. Capt. Sugarman started by stating we must have very precise definitions on items to be labeled "foreign intelligence". He added that although we have definitions now, there is too much variation as to where certain items are shown in various reports. [REDACTED] said that perhaps it would be more useful to apply similar definitions to the costs in relation to their budget. Col. Lewis said we need more uniformity because now the report is being prepared on an "order of magnitude" and he feels we cannot define more precisely without further guidance from the USIB. Col. Vaughan said that Recommendations No. 31 and 32 set the stage for what the Committee must do in the future. He feels that the Air Force does not need another management group. Col. Park said we will be able to develop our own guidance but until such time as a determination/ ^{is made} of what the management group will do, no action can be taken. Mr. Churchill said the report in its present form is an over-all summary report and not a budgetary tool. He added that in the present form one cannot look at the report and tell the organizational breakdown and the only way to have a real meaningful report would be to have very lengthy ones. Mr. Barker stated that he could not

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offer any concrete recommendations as he felt the Study Group did not really know what they wanted. Mr. Barkey added that some guidance will have to come from the United States Intelligence Board, the Coordination Staff, or the Bureau of the Budget.

25X1A 7. [REDACTED] stated that Recommendation No. 32 is somewhat scrambled because the National Security Council did not approve this recommendation. They did this because of the confusion arising between the management group and the Coordination Staff. He stated that the Coordination Staff will serve the Director with respect to coordination and survey responsibilities throughout the intelligence community and in his capacity as Chairman of the USIB.

25X1A [REDACTED] asked the Chairman if he was contemplating using a member of the Bureau of the Budget on the Cost Estimates Committee. Mr. Saunders replied by stating that at times we have had a representative from the Bureau of the Budget and also a representative from the President's Board of Consultants on Foreign Intelligence Activities present at meetings, only for the purpose of obtaining guidance from them as users of the report. [REDACTED] also said that the National Security Council had, in effect, put Recommendation No. 31 under the authority of the Coordination Staff, and for all practical purposes, will be responsible for said recommendation. 25X1A

25X1A 8. [REDACTED] said that the Bureau of the Budget has expressed extreme interest in this report and when it was originally compiled the Bureau spent considerable time working with each Agency on what costs would be considered in the compilation of the report. [REDACTED] said considerable discussion had taken place within the Committee on the relationship of the costs and the Committee did not see how the report could be used for budgetary purposes 25X1A

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because of the difference between intelligence operations and the appropriation pattern.

9. Capt. Sugarman stated that he did not believe it was within the scope of authority of the Cost Estimates Committee to come up with answers to recommendation No. 38 and related recommendations.

25X1A 10. [REDACTED] said there is an inference that this Committee should change its scope and we should tell the Board that this should be the function of another Committee rather than the Cost Estimates Committee which is only responsible for submitting cost figures.

11. Col. Lewis suggested that a regrouping be made of the program analysis and the Cost Estimates Committee and then charge ourselves with programming and work through the Assistant for Coordination's Office. This proposal did not have the approval of any member present.

12. Mr. Saunders suggested that we take one department or agency at a time, for instance -- State Department -- outline the problems encountered by the Department in preparing the report and ask the USIB for guidance and recommendations. Mr. Saunders asked for suggestions on the mechanism to be used in preparing the necessary reply, and suggested that a Sub-Committee be appointed to draft the required progress report in coordination with the representatives of the respective departments and agencies. The Sub-Committee was appointed consisting of: Mr. Barkey, Defense; Mr. Churchill, State Department; and [REDACTED] CIA.

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13. At the close of the meeting, Mr. Saunders stated that [REDACTED] would be available for any guidance or assistance needed by the Sub-Committee.

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Also, he added, [REDACTED] could probably give some assistance as he worked with the Joint Study Group in preparing the recommendations which now have been referred to the Cost Estimates Committee for study and recommendation for implementation.

14. The meeting adjourned at 11:45 a.m.

E. R. SAUNDERS
Chairman
Cost Estimates Committee

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